SOFT DRINKS □ BEER □ BOTTLED WATER □ WINE □ POWDERS □ JUICES □ SPIRITS

DECEMBER 1983

Beverage Industry

MARKETING □ DISTRIBUTION □ TECHNOLOGY

AN HBJ PUBLICATION

Ed O'Reilly named BI Man of the Year

Dedicated soft drink executive directs 'born again' New York Coke

by Paul E. Mullins

GREENWICH, CT—New York, the Big Apple, has the reputation of being the world's toughest market whether you're selling widgets or beverages.

This year's Beverage Industry Man of the Year, Ed O'Reilly, president and chief operating officer of New York Coca-Cola Bottling Co. has not only made it in this tough market, he made it the roughest way possible: on the streets as a distributor of Royal Crown Cola. That was more than 20 years ago, but O'Reilly still remembers what it was like and relates that knowledge to his own operation today.

"Because I started on a route truck, I know how I wanted to be treated. I know I didn't think any less of myself 23 years ago than I do today in terms of my own self esteem. I know how I wanted to be treated and I know how those of us who were treated

(Continued on page 20)

Expect courts ruling on ingredient labels

by Pat Raber

WASHINGTON, DC—The lingering question over whether alcoholic beverages should contain ingredient labeling will be answered shortly by the appellate court here.

The Bureau of Alcohol, Tobacco and Firearms (BATF), along with the Wine Institute and Distilled Spirits Council of the U.S., are awaiting a decision on the legality of BATF's 1981 rescission of a 1980 labeling rule, claiming the costs outweigh the benefits.

Last February, the district court here ordered BATF to reinstate the rule, effective February 1984, agreeing with a 1982 suit by the Center for Science in the Public Interest that the agency had been arbitrary and capricious by failing to adequately explain the reasons for the rescission.

BATF appealed the order shortly after it complied with

(Continued on page 24)

BI Report

• Forstmann Little, a privately-owned, New York-based investment firm, acquired Dr Pepper Co. last month in what amounts to a leveraged buyback deal, which will allow key executives to participate in ownership of the firm. Total value of the deal is approximately $627 million with Forstmann Little agreeing to pick up $110 million in Dr Pepper debt. As a privately held firm Dr Pepper is expected to have more funds available to expand marketing support, step up regional support in key high per capita markets.

• The U.S. Court of Appeals for the District of Columbia has ruled that the Secretary of Agriculture overstepped his bounds when he issued regulations

(Continued on page 53)

Aluminum can exempt from DE deposit law

WASHINGTON, DC—Because of successful aluminum recycling, the Delaware legislature has exempted aluminum cans from the state's beverage container deposit law.

Gov. Pierre Du Pont signed in July legislation under which the aluminum can is exempted from the 5-cent de-

(Continued on page 6)

Manville debuts aseptic multi-pack. See page 42.

STATISTICAL REF INDEX CLS
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272 mega-firms operate half of U.S. bottling plants

by Holly Klokis

SPECIAL REPORT—The next time someone is talking about a particular soft drink plant, the chances are nearly 50-50 that plant is owned by one of 272 headquarter companies that control half the nation's filling locations.

Chances are about 1-in-4 that particular plant is owned by one of the 39 headquarter companies that control half the industry's dollar volume through one-quarter of the country's plants.

Industry consolidation/concentration is nothing new; the term has been bandied about for the past decade. Yet, the rate at which it is happening is worth noting: Last year, **Beverage Industry** reported that 33 companies, all with sales volumes over $100 million, controlled 42% of total sales volume. This year, the figure has been upped to 39 companies and they are generating 52.8% of the soft drink industry's sales volume.

These statistics, obtained from Beverage Marketing Corp.'s 1983 study, "Who

(Continued on page 34)

Features

1 **BI's Man of the Year**
Ed O'Reilly, president of New York Coke, has been chosen as this year's Man of the Year, the 10th recipient of this award. O'Reilly is saluted for his industry and civic accomplishments.

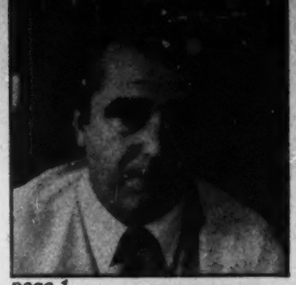
4 **Seven-Up opens consumer center**
Seven-Up Co. has opened the industry's first consumer telephone center, staffed during the week to answer any questions consumers might have about its products. The consumer center number is being printed on all packages.

10 **Reusable plastic cases save dollars**
Plastic returnable beverage cases are gaining popularity in the soft drink industry, and is it any wonder why? Dallas Seven-Up reports it saved $58,000 in just the first four months of use.

12 **Squirt & Co. enters aseptic market**
It was the first soft drink manufacturer to use 100% NutraSweet, and now it's taken the lead in another market. Squirt & Co. has entered the aseptic market in its native Michigan with its Sunglo line of juices and fruit drinks.

14 **'Wrapping up' the 2-L market**
Hercules, Inc., is "wrapping up" the 2-L market with an all-polypropylene, wrap-around label, said to be resistant to wrinkles, mold and scuffs, and is joining with Sewell Plastics to bring the label to bottlers.

18 **Aseptic battle ignites in New Orleans**
Louisiana Coke and MSB Manufacturing Co. have both entered the aseptic juice market with their own products and are going head to head in the New Orleans market.



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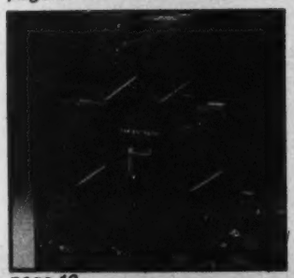

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Soundoff

Ed O'Reilly: soft drink peddler in classic sense

"From his initial days as a distributor to increasing levels of responsibilities at Joyce Beverages . . . and subsequently at Royal Crown . . . to his present role with Coke-New York, Ed has been a soft drink 'peddler' in the finest, classic sense of the word.

"Ed has one of the most highly developed senses of intellectual honesty I have ever encountered; this, together with a remarkable blend of 'street smarts' and strategic acuity combine to make up a 'soft drink man's soft drink man.'

One of Ed's most notable contributions (of many!) to this company has been his success in building, motivating and leading an outstanding team of extraordinarily talented, capable and dedicated people. This is clearly the hallmark of a true professional . . . "

Charles E. F. Millard
Chairman and CEO, NY-Coke
on nominating Ed O'Reilly as this year's man of the year.

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What's the Difference?

Beverage Business Indicators*

Selected Consumer Price Index (base: 1967 = 100)

	June 1983	July 1983	% Change	July 1982	July '82 vs. July '83 % Change
Cola	312.3	307.8	(1.4)	302.9	1.6
Other carbonated soft drinks	146.3	142.6	(2.5)	143.3	(.5)
Noncarbonated drinks	140.5	140.7	.14	139.2	1.1
Wine	236.3	245.2	3.8	236.5	3.7
Beer and ale	224.1	223.6	(.22)	211.9	5.5

The Consumer Price Index (CPI) is a measure of the average changes in prices over time in a fixed "market basket" of goods and services. The index measures price changes from a designated reference date which equals 100 (usually 1967). An increase of 22 percent, for example, is shown as 122. This change can also be expressed in dollars as follows: The price of a base period "market basket" of goods and services in the CPI has risen from $10 in 1967 to $12.20.

Source: U.S. Department of Labor Bureau of Labor Statistics

Closures for Beverages (thousands of gross)

	March 1983	April 1983	% Change	April 1982	April '82 vs. April '83 % Change
Metal (for spirits, wines)*	53,820	73,005	36.6	60,613	20.4
Plastic (for spirits, wines)*	118,982	113,017	(5)	142,025	(20.4)
Metal Crowns (beer & soft drinks)	17,484	15,475	(11.5)	21,254	(27.2)
Soft drinks (convenience and conventional types)	6,737	6,481	(3.8)	7,499	(13.6)
Beer (convenience and conventional types)	10,747	8,994	(16.3)	13,755	(34.6)
All other metal closures other than crowns	8,979	7,624	(15.1)	6,024	26.6

*thousands of units

Source: U.S. Department of Commerce Bureau of the Census

Bottle Shipments (thousands of gross) (not seasonally adjusted)

	March 1983	April 1983	% Change	April 1982	April '82 vs. April '83 % Change
Glass Bottle Production Total Bottles:	26,415	24,299	(8)	26,190	(7.2)
Beverage: Refillable	318	326	2.5	355	(8.2)
Nonrefillable	4,846	4,545	(6.2)	4,801	(5.3)
Beer: Refillable	290	341	17.6	345	(1.2)
Nonrefillable	8,645	8,561	(1)	9,150	(6.4)
Liquor	1,284	1,055	(17.8)	1,119	(5.7)
Wine	761	700	(8)	722	(3)
Plastic Bottle Production*					
Carbonated beverages	176,972	175,972	(.6)	169,138	4

*thousands of units
Source: U.S. Department of Commerce Bureau of the Census

Selected Producer Price Index (base: 1967 = 100)

	June 1983	July 1983	% Change	July 1982	July '82 vs. July '83 % Change
Soft drinks	324.5	323.9	(.18)	319.8	1.3
Alcoholic beverages	205.9	206.3	.19	198.3	4
Beverages and beverage materials	262.8	263	.1	256.9	2.4
Packaged beverage materials	324.2	324.5	.1	322	.1

The Producer Price Index (PPI) is a measure of the average changes in prices received in primary markets of the United States by producers of commodities in all stages of processing. These data were formerly called the Wholesale Price Index. The name was changed to more accurately reflect the coverage of the data. PPI's are designed to be interpreted in the same manner as the CPI.

Source: U.S. Department of Labor Bureau of Labor Statistics

Imported Beverages (proof gals)

	May 1983	June 1983	% Change	June 1982	June '82 vs. June '83 % Change
Beer*	17,043,442	16,430,629	(3.6)	NA	–
Whiskey	4,830,627	12,201,569	152	NA	–
Brandy	468,237	526,653	12.5	NA	–
Gin	495,537	529,830	6.9	NA	–
Rum	91,123	89,562	(1.7)	NA	–
Cordials & liqueurs	562,079	718,127	27.8	NA	–
Others	652,130	1,359,658	108	NA	–
Total	24,143,175	31,856,048	32	NA	–
Sparkling wines	720,656	796,739	11	NA	–
Still wines, table	8,652,127	10,095,973	17	NA	–
Still wines, fortified	180,056	246,161	36.7	NA	–
Vermouth	275,093	211,519	23.1	NA	–

*Includes ale, stout, porter
NA: Not Available
Source: National Association of Beverage Importers, Inc.

Sweeteners (cents per pound)

	July 1983	August 1983	% Change	August 1982	August '82 vs. August '83 % Change
42% Corn Syrup High Fructose Decatur, IL, tank cars, cwt.	12.09	12.09	–0–	NA	–
55% Corn Syrup High Fructose Decatur, IL, tank cars, cwt.	14.25	14.25	–0–	13.82	3.1
Sugar, liquid ind. No. 2 per cwt. solids, F.O.B. (N.E. refinery)	32.20	32.20	–0–	32.70	(1.5)

NA: Not Available
Source: The Journal of Commerce

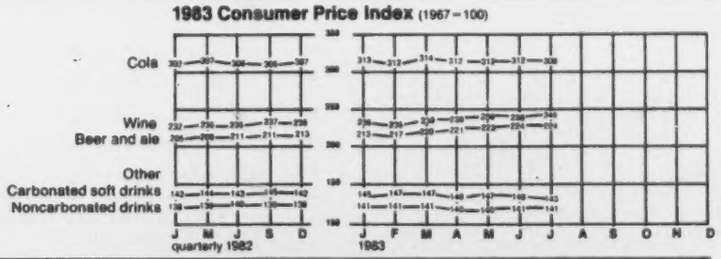
Alcoholic Beverage Removals (barrels of 31 gals)

	April 1983	May 1983	% Change	May 1982	May '82 vs. May '83 % Change
Beer	15,714,721	17,123,716	9	16,855,486	1.6
Wine*	33,697,365	35,210,896	4.5	31,191,935	12.9
Spirits*	27,378,551	31,151,321	13.8	28,482,046	9.4

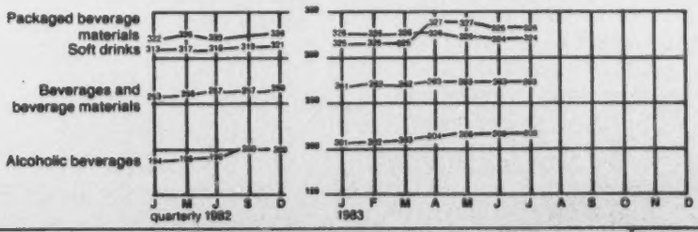
*wine gals

Source: U.S. Department of the Treasury Bureau of Alcohol, Tobacco and Firearms

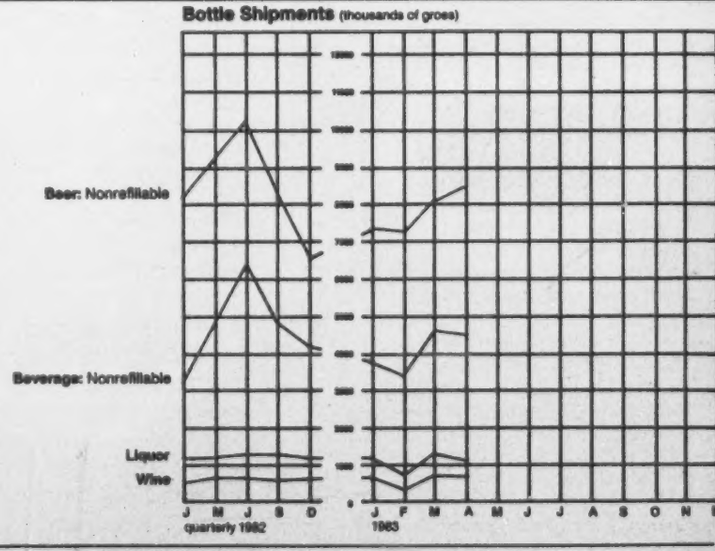
1983 Consumer Price Index (1967 = 100)



1983 Producer Price Index (1967 = 100)

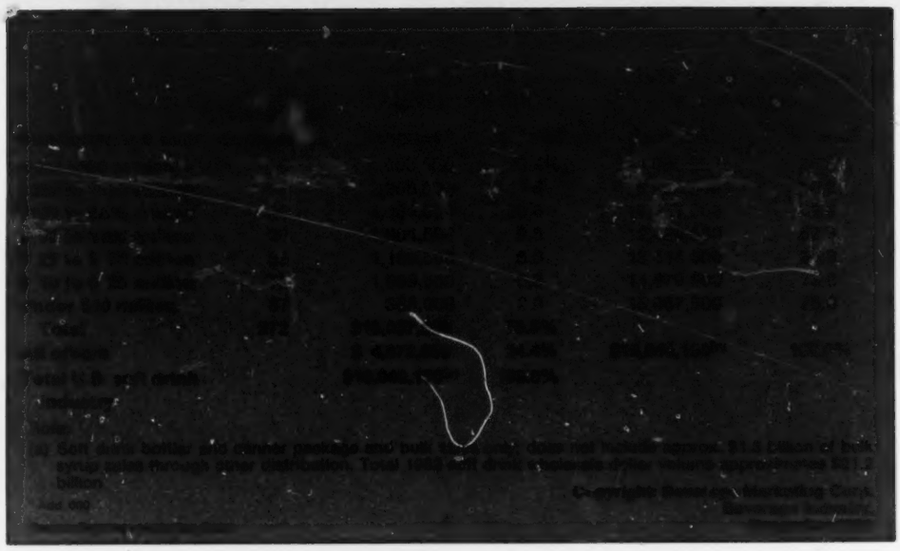


Bottle Shipments (thousands of gross)



*Compiled by The Statistical Research Center (SRCH) of HBJ Publications

272 firms control 50% of U.S. plants



(Continued from page 1)

Owns Who in the U.S. Soft Drink Industry," also show that of those top 39 firms, six companies control sales over $500 million; seven fall in the $250-$500 million bracket, and the remaining 26 control between $100 million and $250 million *(See related listing, page 10.)*

What Beverage Marketing defines as a headquarter company is any company that owns more than one filling and/or distributing location. Those top 39 firms, for example, own a total of 357 filling plants and 429 distribution locations. From them flows $10.5 billion worth of soft drinks annually—over half of this industry's output.

There are 1,552 filling locations in the U.S. at this writing; 752 of them are controlled by headquarter companies. The remaining 800 are independently owned and operated. While the number of plants is roughly equal, 48.5% vs. 51.5%, those 752 account for 75.6% of the nation's business. Each has an average dollar volume of $20.05 million, compared with $6.09 million for independents.

Efficiencies of scale

"Note that the efficiencies of those larger plants are taking over," says Michael Bellas, president of Beverage Marketing Corp. "More companies are trying to become the low-cost producer, the most efficient producer. In order to do that you need an efficient production facility. This is why more companies are concentrating on regional strength as opposed to local territory strength. They are looking to put together strong regional bottler networks," he continues.

"Consider Associated Coke, for example. When Coke USA bought Associated Coke, they broke it up and sold the territories to those people which could build efficient, more competitive entities. And those entities that they're building are large regional powerhouses, rather than local, or state powerhouses. Now they can produce and advertise more efficiently."

Looking at a breakdown of plants by size, headquarter controlled vs. all others (*see chart*), it can be seen that the headquarter companies dominate the filling operations in the higher sales categories. Note, there are 546 headquarter company plants with sales of $5 million or more. There are only 198 independently owned plants in that same category.

Conversely, the independents dominate in the lower sales categories: 602 independents with sales below $5 million, 206 headquarter operated.

In addition to operating 752 filling locations, the 272 headquarter companies also control 833 distribution locations. Less easily documented though, are the distribution locations controlled by the 800 independents. Bellas estimates these to be somewhere around 600, "but these distribution points are mainly beer wholesalers who distribute Schweppes or White Rock—or a guy who buys his products from a co-op. Or even," Bellas continues, "a wine or

Johnny Unitas Joins Team-International.

Here's the story.

When the legendary football great, Johnny Unitas, was a teenager, he helped his older brother, an Owner Operator, work on his two heavy duty trucks. Since then, even during his 18 year gridiron career, Johnny has continued his interest in trucks.

Unitas Air Freight

For the past several years, Unitas has owned an air freight customer service business in Baltimore, operating different makes of medium duty trucks. And, mostly Internationals. The fact that he makes his living from trucks led Johnny to talk to our president, Neil Springer. Neil suggested that Johnny become a nationwide Customer Advisor for International Trucks. Johnny heartily agreed.

The demand for excellence

Johnny Unitas has many of the qualities we Americans respect. He is a proven leader. A man of integrity who has stood tall in the face of adversity. Johnny Unitas never had it easy. He worked hard to be successful. We at International can identify with that. His demand for excellence in everything is our demand for excellence in our trucks.

Johnny was driven to be number one, just as our employees are motivated to help our company continue to be the leader in the industry.

John and International

So now, Johnny Unitas is going on the road for International. He'll be talking to customers about their needs, and what they expect from International. Then he will come back and tell us what we must do to make our trucks and our service better than ever.

John Unitas is a winner. As our Customer Advisor, we know he'll do a great job for International. Which means we, in turn, will continue to do an even better job for you, our customers.

The IH commitment

If you'd like to find out more about Johnny's commitment to us, and our commitment to you, write Johnny Unitas % International Trucks 401 N. Michigan Ave., Chicago, IL 60611.

Johnny speaks for us. Our Trucks speak for themselves.

spirits distributor who has picked up some mixer line."

Beverage Marketing Corp.'s "Who Owns Who" report lists each headquarter company and its subsidiaries, as well as profiles each subsidiary (name, address, manager's name, supervisor's names, number of delivery vehicles, sales range, and brands). The report is cross-referenced with headquarters listed alphabetically and by state. Subsidiaries are cross-referenced alphabetically.

● For more information on, or to purchase "Who Owns Who in the U.S. Soft Drink Industry," contact Beverage Marketing Corp., 866 Second Ave., New York, NY 10017; tel. 212/688-7640. □

Neil Springer, President, International Trucks

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JANUARY 1984

Beverage Industry

MARKETING □ DISTRIBUTION □ TECHNOLOGY

AN HBJ PUBLICATION

Near record attendance

14,424 jam halls at Houston NSDA

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tlanta in 1982.
ıl, 2,680 were bot-
's of NSDA, 940
llied beverage in-
cluding foreign soft drink executives), 8,000 were suppliers, 2,000 were spouses, and 336 were non-exhibiting associate members. The remainder was made up of press and unaffiliated guests.

Most of the attendees showed up the first day when registration topped 13,000 to

(Continued on page 26)

o details Pepsi goals
4, plans big ad push

te: The follow-
eech by Roger Enrico. He spoke at the annual meeting of the Pepsi Cola Bottlers Association on Wednesday, December 7, at the Houston Hyatt Regency Hotel during the NSDA/Inter Bev expo. Enrico is the president of Pepsi Cola USA. The speech has been edited to conform to BI style.

Ladies and Gentlemen, this Pepsi enterprise is about to go on a roll. The momentum is within our grasp. It's spinning out there and we can capitalize on it if we work as partners.

If we have faith in the future. If we make the investment in this business. In short, if we have the 'will' to make it happen, we CAN make it happen.

Let me tell you I have the will. I am determined. I'll make the investment and I understand what real partnership means. So come along with me for the next few minutes. Let me tell you what we're going to do—that's you and me—to put this enterprise on a roll for 1984.

First, let's think back to this time last year: Aspartame was still six months away from FDA approval;

(Continued on page 10)

BI Report

• Speaking at the PCBA meeting at NSDA, *(see above)* Pepsi-Cola USA President Roger Enrico revealed that total Pepsi sales are up 5% and that Pepsi Free will sell 150 million 8-oz. cases in 1983.

• No successor chosen for Dwight Reed at this year's meeting. The NSDA Board met in all-day executive session at the convention and considered two candidates. One withdrew, opt-

(Continued on page 62)

First in the aseptics was the 8.45 oz. package, at left. Now Jóós mate enters the 350-ml package.

Bottlers flood aseptic market

SPECIAL REPORT—Having observed the various aseptic-packed products in the market for roughly a year, the soft drink industry appears to be set to launch a major move into this area. Beverage Industry estimates that between now and the middle of the year some 20 additional aseptic machines will be installed to service as many as 250 soft drink companies.

These 250 firms will be involved in aseptic packages in several ways:

- Outright production of their own brands.
- Distribution of a national brand or a proprietary brand produced by a co-packer or by a co-op.
- Vending of a package, either their own, a proprietary product, or a national brand.

Behind the rush to aseptics are two factors. Bottlers have had the opportunity to observe the success and methodology of the national brand marketeers and feel that they can do better with their own systems. Bottlers feel that the 1983 soft drink gains have been bought as a result of new product intro-

(Continued on page 51)

Beer industry has modest bounceback, up 1% in '83

SPECIAL REPORT—An extra hot summer coupled with a growing demand for imported, light and popular brand beers were attributed to the brewing industry's modest 1.0% increase in 1983 production.

Total volume reached 184.2 million barrels, compared with 182.4 million barrels in 1982. Domestic production was up 0.7% or 177.9 million barrels, compared to 0.4% or 176.6 million barrels the preceding year. The imported beer segment gained a healthy 8.0% over the previous year, up from 5.8 million barrels in 1982 to 6.3 million barrels.

The year also saw super premium and premium beer segments under pressure with continued market share losses in both areas. Major gainers continue to be the light and popular brands in addition to imports.

John Maxwell, **Beverage Industry's** director of research/statistics, believes had it not been for the extra hot 1983 summer, the domestic beer industry's volume could have been flat or down.

1983 top ten brands

Rank	Brand	Market share
1	Budweiser	23.1%
2	Miller High Life	9.7
3	Miller Lite	9.7
4	Coors	5.3
5	Pabst	4.1
6	Old Milwaukee	4.1
7	Michelob	3.8
8	Old Style	3.1
9	Stroh	2.9
10	Bud Light	2.0

"We believe that people are moving away from alcoholic beverages—including wine, beer and liquor—across the board," says Maxwell. He adds that Alcoholics Anonymous is at a new high in registration, drunken driving laws are being enforced across the country, and on a brighter note, Maxwell points to the good increases

(Continued on page 15)

Soft drink ban overturned by appellate court

WASHINGTON, DC—After four years of fighting with the United States Department of Agriculture and the district court here, the NSDA finally won its argument that the agency's " competitive foods" rule is too strict.

In a 2-1 decision, the U.S. Court of Appeals here overturned USDA's July 1980 regulation which banned the sale of soft drinks and other foods of "minimal nutritional value" until after the last school

(Continued on page 20)

Coca-Cola has introduced a 12-pack for 16-oz. bottles. See page 20.

BEST COPY AVAILABLE

Beverage Industry

Non-sparkling water at 76.1% of U.S. bottled water market

by Holly Klokis

SPECIAL REPORT—"For that segment of the population which is diet and health conscious, sodium and caffeine conscious, what could be better than natural waters?"

That question, posed by Janet Fanshawe, vp of Beverage Marketing Corp., illustrates the demographics of many people drinking bottled water today. The complete story of this market's growth, however, includes much more than health concerns.

The growth of the largest segment of the market, the non-sparkling category, estimated by BMC to be 76.1% or 711.0 million gallons of the 1983 bottled water market, has been traditionally the result of real, as well as perceived, quality problems with municipal water supplies, says Fanshawe. As an example, she cites California's perceived taste problems with its water as being one reason for its high per capita consumption.

The domestic sparkling waters, club soda and seltzers, on the other hand, have borrowed from the hype surrounding imported waters to fuel their growth, helping to maintain the 14% annual growth rate that the bottled water market has experienced in recent years.

"The 1984 Bottled Water Market and Packaging Report," the latest study compiled by BMC, is the first comprehensive report on this segment of the beverage industry. Consisting of facts and figures on national, regional and state markets, non-sparkling and sparkling segments, packaging, demographics, distribution and pricing, the report makes one thing clear: What has traditionally been called "the bottled water market" is really two, possibly, three, separate

(Continued on page 9)

U.S. bottled water market

	Total Gallonage (millions)	Per Capita Consumption (gal)
1976	307.0	1.4
1977	335.1	1.5
1978	480.2	2.2
1979	564.5	2.5
1980	628.2	2.8
1981	720.3	3.1
1982	816.1	3.5
1983(E)	934.6	4.0

Source: Beverage Marketing Corp.

Copyright: Beverage Marketing Corp., Beverage Industry, January 1984

Diet Sprite makes debut with new packaging, NutraSweet

ATLANTA—Sugar Free Sprite—Coke USA's low-calorie lemon-lime soft drink—debuted Nov. 30 with a new name, new taste and new package graphics, according to company spokesman Rob Martin.

Now with NutraSweet, diet Sprite replaces Sugar Free Sprite, a name that dates to 1974 when the low-calorie soft drink first entered the U.S. market. New diet Sprite initially will be available in 12 oz. cans and 2-L plastic bottles in Albuquerque, NM. Other markets debuted diet Sprite in December, says Martin.

Brian G. Dyson, president of Coke USA, says the change in the product's name is aimed at better recognition from diet-conscious consumers. "The word 'diet' clearly states the aim of diet Sprite to calorie-conscious consumers, while building on the equity of the Lymon taste, now even better with NutraSweet," he said. □

Diet Sprite replaces Sugar Free Sprite.

Aspartame powers Squirt products to sales gains

SPECIAL REPORT—Squirt and Company, the first U.S. soft drink firm to market a diet soda with 100% NutraSweet, enjoyed an impressive 27.3% sales increase over last year, thanks largely to a huge sales gain in the diet soft drink sector.

"The new diet formulation has given us a formidable entry in this segment and is helping to grow both our brands," Mike Fogarty, president of the Holland, MI-based company, told **Beverage Industry.**

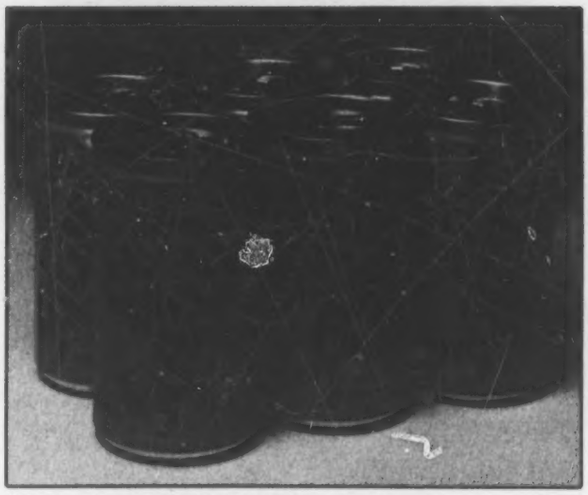
Diet Squirt, in the .5-L PET, topped the company's sales chart with a big 135.9% increase while the 2-L product recorded a 109.3% sales mark.

Diet Squirt in cans followed the success of the bottled entries with an 89.5% gain.

The figures, meanwhile, according to Fogarty, represent a huge 100.2% sales increase overall for the company's diet soft drinks.

The aspartame-sweetened Diet Squirt was test marketed in Holland, MI before the firm decided to distribute the beverage nationally.

Fogarty also reported to **BI**, meanwhile, that the company's regular soft drinks recorded sales increases as well.



Diet Squirt in cans has had an 89.5% sales increase.

Squirt and Co.'s regular soft drinks enjoyed an overall increase of 8.4% with Squirt, in the 2-L PET, carrying the mark with a 20.2% gain.

Squirt, in the .5-L PET, scored a close second with a gain of 17.3%.

Despite a gain in sales also, Squirt's canned entry came in a distant third with a mark of 6.2%.

In the meantime, to assist bottlers in marketing Diet Squirt in their respective regions, the company offered a complete media kit. The kit illustrates newspaper press releases; color and black and white photographs; a public relations program; a question-and-answer form regarding NutraSweet; a brochure describing NutraSweet, provided by G.D. Searle & Co.; and an outline of the history of Squirt and Co.

The company's television commercial, a 30-second spot, stresses the no-saccharin aftertaste. □

Coke testing dispensing system for small accounts

ATLANTA—Coca-Cola bottlers in 13 states began testing a new soft drink dispensing system for low-volume accounts beginning first quarter of 1984.

The Beverage Technology System (BTS-150), a three-head unit developed by Coke USA, is designed for office and retail locations whose volumes are too small to justify placing vending machines or other large-quantity soft drink units. The unit's debut was announced by Coke USA president Brian Dyson at the NSDA expo in December.

About the size of an office coffee brewer, the compact BTS-150, is self-contained, weighs 53 pounds, and holds three replaceable packages of concentrate and a replaceable stainless steel pressurized carbonation tank.

Tap or other purified water is added through a spout in the top of the unit, and the soft drink is mixed and carbonated at the dispensing head. The BTS-150 can be used to fill cups as large as 12-oz., and plugs in to standard 110V outlets.

It is being test-marketed by bottlers in Birmingham, AL; Charleston, SC; Charlotte, NC; Washington, PA; Lubbock, TX; St. Paul, MN; Sales/Manchester, NH; Rochester, NY; Salt Lake City, UT; San Diego, CA; Jackson, TN; Denver, CO; and Seattle, WA. □

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1 BI's annual aseptic report
Beverage Industry estimates that between now and the middle of the year nearly 20 additional aseptic machines will be installed to service as many as 250 soft drink companies.

1 Domestic beer competition should intensify
John Maxwell's incisive look into the brewing industry envisions little domestic growth for the new year.

12 What do bottlers want in palletizers, depalletizers?
BI's exclusive report takes a close look at what beverage executives really want in palletizing equipment. Management personnel give their viewpoints on this issue.

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Soundoff

Gowens: Computerized reordering is here

"Lastly, shelf allocation—since it is a 'replenishment to standard' inventory system—is the first step toward computerized reorder. I am telling you the truth when I say a computer can do routine ordering better than a human. Computer ordering is thus right around the corner! Managers of the future will spend more time managing a smaller portion of a store's inventory in the future. A question you must ask yourselves is 'What happens to presell in the future?' "

Bobby L. Gowens
Executive Vice President
Chief Financial Officer,
Randall's Food Markets, Inc.
from a speech at the 1983 NSDA.

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Non-sparkling water at 76.1% of U.S. bottled water market

(Continued from page 4)

markets, each following its own growth rate, trends, demographics and driving forces.

In addition to the already mentioned effects of municipal water quality problems, since 1977, non-sparkling water has shared in some of the glamor heaped on sparkling water as a result of the influx of imports, particularly Perrier. According to BMC statistics, non-sparkling gallonage, which stood at 256.7 million in 1977, had increased to 352.9 million by 1978, representing an increase of 37.5%. It was between '77 and '78 that the Perrier ad campaign broke and bottled water finally came out of the office water cooler.

Sparkling water, both domestic and club/seltzer, followed a different growth pattern, says Fanshawe, that finds its origins on Madison Avenue and is more closely allied with trends marking the soft drink industry. It is here that the divergence of the growth of non-sparkling and sparkling becomes apparent.

Market grows

According to the report, 1976 gallonage figures for all categories of the market stood as follows: non-sparkling, 237.9 million; domestic sparkling 16.3 million; club/seltzer, 51.6 million; and imports (shipments, not sales) 1.2 million.

The domestic sparkling category at this point was still immature; with few companies competing outside local markets. Club/seltzers, on the other hand, were enjoying sales as mixers. Perrier and other imports were as yet unheard of, and non-sparkling was taking the place of unacceptable municipal water supplies.

In 1977, all of America became acquainted with Perrier and, says Fanshawe, "benefitted from their ad spending both in glamorizing waters and increasing bottled water awareness." What followed was the growth of all sparkling waters and a surge in the total bottled water market.

"Perrier got national distribution at a premium price for a premium product," recalls Fanshawe. "Once that marketplace was opened, you had a lot of room to grow the sparkling water category. Domestic sparkling waters increased their gallonage with consumers who were trading down from the imports.

"Then, there was the advent of club/seltzers. Producers started saying, 'We can reposition our product as a sparkling water and look at the business we'll get.' People were now offered a trade down from domestic sparkling waters. Also realize that the club/seltzers had the strength of a soft drink network behind them for national distribution and national ad dollars."

By 1978, the gallonage fig-

(Continued on page 20)

U.S. bottled water market gallonage* by segment

	Non-Sparkling	Sparkling		Imports	Total
		Domestic Sparkling	Club/Seltzer		
1976	237.9	16.3	51.6	1.2	307.0
1977	256.7	22.0	53.1	3.3	335.1
1978	352.9	60.5	53.4	13.4	480.2
1979	402.0	71.4	63.0	28.1	564.5
1980	463.1	75.7	78.0	11.4	628.2
1981	537.7	76.0	95.0	11.6	720.3
1982	614.0	79.2	110.0	12.9	816.1
1983(E)	711.0	81.6	127.6	14.4	934.6

*Millions of Gallons
Source: Beverage Marketing Corporation.

Copyright: Beverage Marketing Corp., Beverage Industry, January 1984

Report ranks top bottle water fillers in U.S.

A companion report to Beverage Marketing Corp.'s 1984 Bottled Water Market & Packaging Report categorizes the sales rankings of the nation's 341 bottled water fillers.

The 1983 Bottled Water Sales Concentration Report focuses on domestic bottled water producer demographics, listing the number of companies nationally and by region and state in various sales ranges from $50 million-or-more to less-than-$500,000 (see charts). Each of the geographic sections offers company sales volume rankings, sales size and concentration, and gallonage size and concentration.

National sales

On the national level, only two companies have sales volumes of over $50 million. Each has an average gallonage volume of 60 million and an average sales volume of $75 million. Total gallonage in this category, 120 million, represents 17.3 of the industry total; combined sales volume, $150 million, accounts for 17.7% of the total.

Relative to the soft drink industry, where almost 50% of the 1,552 filling operations are in excess of $5 million, the bottled water industry is still rather immature, BMC vp Janet Fanshawe points out. Most companies fall in either the $1 million-to-$2 million category or the less-than-$500,000 category; both take in 98 firms each. Those firms in the $1 million-to-$2 million range have average sales volumes of $1.8 million, accounting for an industry total of $176.4 million, or 20.8%. Average gallonage volume is 1.6 million, with total gallonage for this category measuring 156.8 million, or 22.62% of the category.

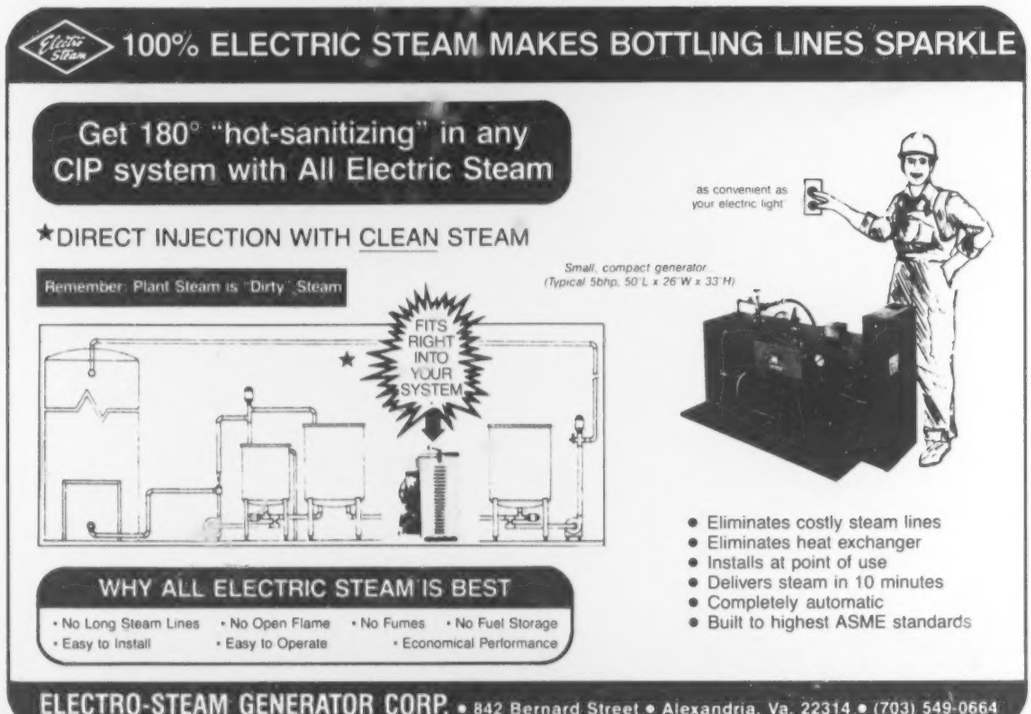
The 1983 Bottled Water Sales Concentration Report contains similar figures by state and is available from Beverage Marketing Corp., 866 Second Ave., New York, NY 10017, or telephone 212/688-7640. □

U.S. bottled water market share by segment

	Non-Sparkling	Sparkling		Imports	Total
		Domestic Sparkling	Club/Seltzer		
1976	77.5%	5.3%	16.8%	0.4%	100.0%
1977	76.6	6.6	15.8	1.0	100.0
1978	73.5	12.6	11.1	2.8	100.0
1979	71.2	12.6	11.2	5.0	100.0
1980	73.7	12.1	12.4	1.8	100.0
1981	74.6	10.6	13.2	1.6	100.0
1982	75.2	9.7	13.5	1.6	100.0
1983(E)	76.1	8.7	13.7	1.5	100.0

Source: Beverage Marketing Corporation.

Copyright: Beverage Marketing Corp., Beverage Industry, January 1984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Faster, more automatic units being sought

Speed, cost are major problems

Problem	Major problem	Somewhat a problem	Not Much of a problem	No problems at all
Insufficient speed	58%	42%	–	–
Lack of flexibility	14%	42%	44%	–
Availability of spare parts	–	28%	72%	–
Energy/power consumption	–	14%	72%	14%
Cost	42%	28%	30%	–
Quality construction	28%	29%	43%	–
Down time	28%	57%	15%	–

Source: Statistical Research Center (SRCH) of HBJ Publications

Copyright: Beverage Industry, January 1984

EXCLUSIVE—Based on a survey of major suppliers of palletizers and depalletizers to the beverage industry, the industry is experiencing the following trends.

- Cans: higher speed units with a greater degree of automation are being sought.
- PET: gradual increase in bulk depalletizing of these containers, but most suppliers report that the lightness of the container is restricting speeds.
- Glass: bulk depalletizing of this container is growing "moderately." 40% of the respondents, however, said they had no customers demanding this.

This trend report, the first of 12 which **Beverage Industry** will do this year on major categories of equipment purchases, is compiled from personal interviews and survey forms from virtually every major supplier in the category. In the past, **Beverage Industry** has surveyed users to determine their requirements. However, this year, key sales executives in the major firms are being asked to report on their observations.

Based on the returns, speed is the most important characteristic being sought in new palletizers and depalletizers. Lack of speed is reported as the major problem with existing units. 86% of the respondents ranked "speed" as the most important characteristic.

Next most important requirement is automation, with 57% of those responding, picking this as "very important."

"Greater flexibility" and "advanced controls/monitoring system" were just about equal in importance.

Surprisingly "energy efficiency" scored lowest of any of the characteristics, with 14% saying this characteristic is "not important at all."

"Cost" is perceived as a major problem by 42% of the suppliers. "Availability of spare parts" and "energy consumption" are viewed as "not much of a problem" by almost three-fourths of those who responded.

Speed requirements

Every supplier noted that their customers are seeking palletizers and depalletizers that are capable of operating faster than the filler. A Wyard spokesman reported that his recent sales have been spec'd to run 20% faster than the filler.

This company has also had good result in bulk depalletizing of bottlers. "Plasti-Shield bottles in bulk are becoming more and more popular with our customers," the contact reports. Depalletizers are available which range in speed from 200 to 3200 bottles per minute.

Pneumatic Scale reports that bulk depalletizing of PET is coming into its own. A sales contact there reported that speed requirements for